Office of Congressional Affairs

DEPARTMENT OF VETERANS AFFAIRS • UNITED STATES OF AMERICA •

Department of Veterans Affairs

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Remarks:
Information requested on impact on VA's budget by House + Senate Budgets

Number of pages including cover: 8 **Date:** May 23

Fax to number: 456-7028

Department of Veterans Affairs
Discretionary and Mandatory Programs
(dollars in thousands)

	1995 Current Estimate	1995 CBO Reestimate	1996 President's Budget	1996 CBO Reestimate	1996 Senate Resolution Estimates	1996 House Resolution Estimates
Discretionary Programs						
Veterans Health Administration						
Medical care	16,214,684	16,214,684	16,961,487	16,961,487	16,319,487	16,214,487
Medical and prosthetic research	251,743	251,743	257,000	257,000	242,000	250,094
Other Medical Programs	80,175	80,175	82,648	82,648	79,348	79,962
Subtotal, Veteran Health Administration	16,546,602	16,546,602	17,301,135	17,301,135	16,640,835	16,544,543
Construction						
Construction, major projects	354,294	354,294	513,755	513,755	0	104,661
Construction, minor projects	152,934	152,934	229,145	229,145	152,934	152,934
Other Construction Programs	69,575	69,575	44,740	44,740	44,740	44,740
Total, Construction	576,803	576,803	787,640	787,640	197,674	302,335
Veterans Benefits Administration (Credit Reform) 1/	126,852	126,852	131,774	131,774	126,852	126,852
Departmental Administration						
Veterans Benefits Administration	676,084	676,084	694,111	694,111	624,323	672,036
General Administration	214,109	214,109	221,532	221,532	206,417	212,893
Subtotal, General operating expenses 1/	890,193	890,193	915,643	915,643	830,740	884,929
National Cemetery System	72,604	72,604	75,308	75,308	70,519	72,265
Office of Inspector General	31,815	31,815	33,500	33,500	31,297	31,719
Subtotal, Departmental Administration	994,612	994,612	1,024,451	1,024,451	932,556	988,913
Total, VA Discretionary Programs	18,244,869	18,244,869	19,245,000	19,245,000	17,897,917	17,962,643
Non-VA support programs (DoD, ABMC, COVA, & Others)	101,089	101,089	103,339	103,339	95,623	100,357
Total, Function 700 Discretionary Programs	18,345,958	18,345,958	19,348,339	19,348,339	17,993,540	18,063,000

1/ All adjustment for Credit Reform are made in the General Operating Expenses appropriation

Department of Veterans Affairs
Discretionary and Mandatory Programs
(dollars in thousands)

	1995 Current Estimate	1995 CBO Reestimate	1996 President's Budget	1996 CBO Reestimate	1996 Senate Resolution Estimates	1996 House Resolution Estimates
Mandatory Programs						
Veterans Benefits Administration						
Compensation and pensions	17,621,592	17,243,637	17,649,972	17,398,000	17,649,972	17,649,972
Proposed legislation			340,000	354,000	-130,000	-183,500
Total Compensation and pensions	17,621,592	17,243,637	17,989,972	17,752,000	17,519,972	17,466,472
Readjustment benefits	1,286,600	1,580,000	1,345,300	1,650,000	1,650,000	1,650,000
Proposed legislation			-12,547	-11,000	-11,000	-10,500
Total Readjustment benefits	1,286,600	1,580,000	1,332,753	1,639,000	1,639,000	1,639,500
All other benefits programs	1,990,709	1,334,798	1,921,958	1,297,954	1,297,954	1,401,172
Subtotal, Veterans Benefits Administration	20,898,901	20,158,435	21,244,683	20,688,954	20,456,926	20,507,144
Other Mandatory Programs						
Medical care cost recovery fund	107,951	107,951	111,103	113,000	113,000	113,000
Other Mandatory	35,652	35,652	30,356	30,356	30,356	30,356
Subtotal, Other Mandatory	143,603	143,603	141,459	143,356	143,356	143,356
Proprietary receipts and Intragovernmental transactions						
Medical Copayments and Third Party Collections	-579,282	-579,282	-640,918	-640,918	-640,918	-640,918
Proposed Legislation					-170,000	-78,500
Total Third party recoveries	-579,282	-579,282	-640,918	-640,918	-810,918	-719,418
GI Bill	-184,304	-191,000	-194,750	-210,000	-210,000	-210,000
Trust funds receipts and intragovernmental transactions	-333,625	-333,625	-315,964	-315,964	-315,964	-315,964
Subtotal, Receipts and Collections	-1,097,211	-1,103,907	-1,151,632	-1,166,882	-1,336,882	-1,245,382
Non-VA support programs (DoD, ABMC, COVA, & Others)	55,741	110,505	40,862	119,882	119,882	119,882
Total, Mandatory Programs	20,001,034	19,308,636	20,275,372	19,785,310	19,383,282	19,525,000
Total, Function 700 Veterans benefits and services	$38,346,992	$37,654,594	$39,623,711	$39,133,649	$37,376,822	$37,588,000

NOTE: Estimates for the House and Senate Budget Resolutions were provided in total budget authority not by program. An assumption was made to tie the resolutions to CBO's reestimates of the President's Budget and adjusting program totals for the policy options provided in each resolution under Function 700. Both House and Senate totals for discretionary programs were adjusted for policy options provided under the 920 Allowances contained in each resolution.

Impact of Proposed Resolutions on Veterans Programs

Senate

Benefits Programs

Target compensation in the future to veterans with combat disabilities and veterans disabled during performance of duty:

?

- Would impact over 137,000 veterans.
- Military personnel are on duty 24 hours a day--subject to military discipline around the clock every day of the year.
- People in uniform are subjected to unusual physical and psychological stresses; whatever happens to them is in the line of duty.
- Essential to maintenance of our All-Volunteer Force: a system of disability compensation and medical benefits for any disabilities incurred during service.
- Narrowing compensation rules would mean veterans of any future conflict involving severe stress and exposure to poorly understood hazards might not get earned and deserved benefits associated with their duty.

House

Benefits Programs

Limiting Compensation Benefits for certain incompetent veterans.

- Would cut off compensation to an especially vulnerable group of veterans and in many cases punishes those who followed the VA's advice to be thrifty.
- Particularly harsh on those with non-cash assets

Impact of Proposed Resolutions on Veterans Programs

Senate

Restore the funding ratio for GI Bill benefits:

- Rate increases were enacted to help keep pace with escalating cost of education.
- Reverting back to a higher contribution ratio insures that future veterans won't be able to keep pace with increasing tuition costs and creates an inequity between these veterans and predecessors.

Construction Programs

- Regardless of veteran population trends and the physical capacity of our infrastructure, the age, condition and location of our facilities requires a comprehensive construction program.
- Over time, the Government has invested in a VA infrastructure valued at approximately $25 billion -- continual investment is necessary to maintain these assets. VA cannot walk away from its infrastructure if it is to provide quality health care services to veterans. A significant portion of VA major construction funds are used to renovate existing VA facilities.
- Zeroing out of VA medical construction will result in canceling $3.4 billion or approximately 200 projects which are needed for VA facilities to meet current community health care delivery standards.

House

- Regardless of veteran population trends and the physical capacity of our infrastructure, the age, condition and location of our facilities requires a comprehensive construction program.
- Over time, the Government has invested in a VA infrastructure valued at approximately $25 billion -- continual investment is necessary to maintain these assets. VA cannot walk away from its infrastructure if it is to provide quality health care services to veterans. A significant portion of VA major construction funds are used to renovate existing VA facilities.
- Reducing VA medical construction by almost 3/4 will result in canceling approximately 150 projects which are needed for VA facilities to meet current community health care delivery standards. **(Revised based on 1996 BA estimates)**

Impact of Proposed Resolutions on Veterans Programs

Senate

- VA is faced with maintaining a deteriorating infrastructure:
  * Sixty-six percent of VAMCs will be at least 30 years old by FY 1996.
  * Seventy-three percent of VA hospital beds do not comply with current community patient privacy standards.
  * Many facilities have more than two beds per room, inadequate and/or congregate bathing/toilet facilities and inadequate size or configuration of space.

Medical Programs

Medical Care - Assuming a freeze at the 1995 appropriation plus one-half the pay raise results in an impact in 1996 would be:

-$642 million
-8,200 FTE
-142,000 unique patients that would have required approximately 57,000 inpatient and 1,300,000 episodes of care in 1996
equivalent to closing 5 VAMCs at 300 beds each

House

- VA is faced with maintaining a deteriorating infrastructure:
  * Sixty-six percent of VAMCs will be at least 30 years old by FY 1996.
  * Seventy-three percent of VA hospital beds do not comply with current community patient privacy standards.
  * Many facilities have more than two beds per room, inadequate and/or congregate bathing/toilet facilities and inadequate size or configuration of space.

Medical Programs

Medical Care - Assuming a freeze at the 1995 appropriation the impact in 1996 would be:

-$747 million
-9,500 FTE
-165,000 unique patients that would have required approximately 67,000 inpatient and 1,500,000 episodes of care in 1996
equivalent to closing 6 VAMCs at 300 beds each

Impact of Proposed Resolutions on Veterans Programs

Senate	House
Medical Research - freezing this program at the 1995 appropriation level results approximately 150 fewer research projects developed each year	Medical Research - freezing this program at the 1995 appropriation level results approximately 170 fewer research projects developed each year
Copayments - unspecified prescription copayment	Copayments - total of a $5 copayment in 1996 and 1997, $8 copay thereafter estimates appeared overstated and double counted
Income Verification Match - no provision above current law	Income Verification Match - proposal seems duplicative of current law and revenue estimates seem significantly overstated
Large Medicare and Medicaid reductions will increase the number of veterans coming to the VA as their care becomes more costly or restrictive in these programs	Large Medicare and Medicaid reductions will increase the number of veterans coming to the VA as their care becomes more costly or restrictive in these programs

Impact of Proposed Resolutions on Veterans Programs

Senate

Departmental Administration

Veterans Benefits Administration

- VBA would lose $74 million from its operating budget -- resulting in:
- RIFS to eliminate more than 950 employees providing veterans benefits across America.
- Compensation backlogs would increase to about 600,000 cases with delays of over one year to resolve cases.
- Increased delays in already strained environment for providing vocational rehab. employment services.
- Deny timely education benefits earned by veterans under the GI Bill.
- Cease progress in technological advances essential to maintaining timely benefits services to veterans.

(Revised based on 1996 BA estimates)

House

Departmental Administration

Veterans Benefits Administration

- VBA could lose $48.5 million from its operating budget -- resulting in:
- RIFS to eliminate more than 675 employees providing veterans benefits across America.
- Compensation backlogs would increase to over 500,000 cases with delays of over one year to resolve cases.
- Increased delays in already strained environment for providing vocational rehab. employment services.
- Deny timely education benefits earned by veterans under the GI Bill.
- Slow progress in technological advances essential to maintaining timely benefits services to veterans.

(Revised based on 1996 BA estimates)

Footnote to VA's Side-By-Side Comparison of the Senate and House Budget Resolutions

Senate

1. **Medical Care**. This is impossible. Reductions in total VA discretionary funding will make it necessary to reduce Medical Care below the FY 1995 level by FY 1999, if not earlier.

2. **Compensation.** Since the compensation COLA is based on the social security COLA, a different CPI calculation may yield savings against our baseline.

House

1. **Compensation.** Since thecompensation COLA is based on the social security COLA, a different CPI calculation may yield savings against our baseline.

2. **Mandatory Programs.** Rounding down the compensation COLA and limiting the COLA increase to 1/2 for certain survivors appear to be an FY96 provisions only. These provisions would be implemented every year under the President's Budget.

G:\BUDGET\FOOTNOTE.KAS

Toni Hustead, OMB
5-4500

* In out years, we freeze VA budget (Sec. Brown has already

NEC-
Robert Gordon

HOUSE GOP ATTACK ON AMERICA'S VETERANS

House Republicans propose cuts in the Veterans totalling $52 billion over 5 years compared to the traditional (current services) CBO baseline--a cut of 21%. Over 7 years, the cuts rise over 30% compared to that baseline.

1. MEDICAL CARE

House proposes to freeze funding for VA medical programs at their 1995 level through 2002 and ~~$6.4 billion~~ in 2002 alone compared to the current services baseline. As a result of this cut, in 2002 alone:

1996

-- **~~41~~ 6 VA medical centers at 300 beds each could be shut down.** (The cut is equivalent to shutting down this number of average-cost VA medical centers.)

165,000 -- **1.05 million patients requiring approximately 425,000 inpatient visits and 10 million episodes of care could not be served.** 67,000 1.5 M

9500 -- **61,000 FTEs would be laid off.**

X -- **170 fewer research projects to improve veterans' health each year would be funded.**

2. VA MEDICAL CONSTRUCTION

House proposes to reduce VA medical construction by almost 75%. The result would be:

-- **Cancellation of 150 projects essential for VA facilities to meet current community health care delivery standards.**

-- **66 percent of VAMCs will be at least 30 years old by 1996; 73% of VA hospital beds do not comply with current community patient privacy standards.**

-- **Government has already made a $25 billion in VA infrastructure.**

3. BENEFITS PROGRAMS

The House proposes a number of measures that would dramatically reduce VA benefits. These include:

-- **Limiting compensation payments for thousands of mentally incompetent veterans with estates over $25,000--even though these are a highly vulnerable group, many of whom would be punished for following VA's advice to be thrifty.**

-- **Quadrupling the prescription drug payment, raising it from $2 to $8 per month.**

4. VETERANS ADMINISTRATION

Cuts in funding for the VA would dramatically reduce its ability to serve America's veterans. The results would include:

-- **Compensation backlogs would increase to over 500,000 cases, with delays of over 1 year to resolve cases.**

-- **Increased delays for services such as vocational rehabilitation employment services.**

-- **Delays for education benefits earned by veterans under the GI Bill.**

-- **RIFS to eliminate more than 675 employees.**

DEPARTMENT OF VETERANS AFFAIRS

ASSISTANT SECRETARY FOR FINANCE AND IRM (004)

OFFICE OF BUDGET (041)
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TO: Robert Gordon DATE: 5/25/95

FROM: [illegible] PHONE: 273-5266

Number of pages including this cover: 4

Comments:

Program descriptions as highlighted in the Expenditures By States table:
This report provides a breakdown of outlays to States by five major programs. The following is a description of each of the program areas.

Compensation and Pensions:

This program provides for the payment of compensation benefits to disabled veterans and certain survivors, pension benefits to wartime veterans rated permanently and totally disabled with limited income and their survivors, and burial and other miscellaneous benefits to certain veterans and their survivors.

Compensation benefits are an entitlement paid either as a disability or a survivorship benefit. Compensation is payable to living veterans who have suffered impairment of earning power from service-connected disabilities. Eligibility criteria for veterans is based upon disabilities either incurred in or aggravated during active military service. The amount of the compensation to the veteran is based upon the disability or combination of disabilities and their impact on earning capacity. Survivors are eligible for benefits if the veteran died while on active duty, or died as a result of disabilities incurred while on active duty.

Pension is the need based benefit provided to wartime veterans who have been rated permanently and totally disabled, as a result of a non-service-connected disability. Upon the death of the wartime veteran, the surviving spouse and children are eligible for a pension. There is no disability requirement for survivors. The payable amount is determined by the annual countable income, and the number of dependents of the recipient.

Burial benefits and allowances and other miscellaneous benefits are provided to certain veterans and their survivors. Burial benefits include headstone, plot and other allowances and flags.

Readjustment Benefits:

The payment of readjustment and rehabilitation benefits for eligible veterans and servicepersons and for eligible dependents of: (a) those veterans who either died from service-connected causes or have a total and permanent rated service-connected disability; and (b) servicepersons who were prisoners of war or missing in action.

Vocational rehabilitation training is provided to certain service-disabled veterans along with specially adapted housing grants, and automobile grants with the associated approved adaptive equipment. Beneficiary travel for vocational rehabilitation trainees is also funded by this account.

This program also includes education assistance to veterans whose initial entry on active duty takes place after July 1, 1985. These benefits are included in the All-Volunteer force educational assistance program (Montgomery GI Bill).

Also included in this category are the funds for the housing programs. The principal objective of the housing programs is to encourage and facilitate the extension of favorable credit terms by private lenders to veterans for the purchase, construction, or improvement of homes to be occupied by veterans and their families.

Medical and Construction Programs:

The Medical Care appropriation provides for medical care and treatment of eligible beneficiaries in VA hospitals; nursing homes, domiciliaries and outpatient clinic facilities; contract hospitals; State home facilities - on a grant basis; contract community nursing homes; and on a fee basis through the hometown outpatient program. Funds also provide for training of medical residents and other personnel in the health-science field to support the Department's and the Nation's health manpower demands. Funding is also provided for the conduct of the VA medical research program.

The construction programs provides for constructing, altering, extending, and improving any VA facility, including planning, architectural and engineering services, and site acquisition. Also included are funding to assist the States in the acquisition or construction of State nursing home care and domiciliary facilities and in the remodeling, modification or alteration of existing buildings for furnishing domiciliary, nursing home or hospital care to veterans in State homes.

General Operating Expenses:

Funds for non-medical administrative support for the Veterans Benefits Administration, National Cemetery System, and other general administration support programs.

Veterans Benefits Administration administers a broad range of non-medical benefits to veterans, their dependents, and survivors through 60 regional offices or medical/regional office centers.

General Administration includes the Secretary's office and all Department level staff offices providing management assistance and support to all Department programs. Included in this category is the Board of Veterans Appeals.

National Cemetery System comprises 114 national cemeteries and 34 other cemeterial installations. This program administers and maintains the national cemeteries and provide for the interment of the remains of eligible deceased servicepersons and discharged veterans (together with their spouses and certain dependents).

Insurance and Indemnities

VA administers seven life insurance programs and supervises the administration of an eighth for the benefit of servicepersons, veterans, and their beneficiaries. These programs make significant contributions toward providing adequate insurance protection for veterans, their families, and dependents.

Effects of Senate and House Budget Resolutions by State in FY 2002

(dollars in thousands)

	2002 Baseline	Senate Reduction	Revised Expenditure Estimates	House Reduction	Revised Expenditure Estimates
Alabama					
Compensation and pensions	$483,200	($71,030)	$412,170	($58,371)	$424,829
Readjustment benefits	38,156	(5,609)	32,547	(4,609)	33,547
General operating expenses	14,926	(2,194)	12,732	(1,803)	13,123
Medical and construction programs	413,214	(60,742)	352,471	(49,916)	363,297
Insurance and indemnities	26,688		26,688		26,688
Total	**$976,184**	**($139,576)**	**$836,608**	**($114,699)**	**$861,485**
Alaska					
Compensation and pensions	$54,862	($8,065)	$46,797	($6,627)	$48,235
Readjustment benefits	6,594	(969)	5,625	(797)	5,797
General operating expenses	2,729	(401)	2,328	(330)	2,399
Medical and construction programs	90,136	(13,250)	76,886	(10,888)	79,248
Insurance and indemnities	2,655		2,655		2,655
Total	**$156,976**	**($22,685)**	**$134,291**	**($18,642)**	**$138,334**
Arizona					
Compensation and pensions	$398,875	($58,635)	$340,240	($48,184)	$350,690
Readjustment benefits	40,550	(5,961)	34,589	(4,898)	35,651
General operating expenses	14,599	(2,146)	12,453	(1,764)	12,836
Medical and construction programs	340,249	(50,017)	290,232	(41,102)	299,146
Insurance and indemnities	37,971		37,971		37,971
Total	**$832,243**	**($116,758)**	**$715,485**	**($95,948)**	**$736,295**
Arkansas					
Compensation and pensions	$374,808	($55,097)	$319,711	($45,277)	$329,531
Readjustment benefits	18,116	(2,663)	15,453	(2,188)	15,928
General operating expenses	10,481	(1,541)	8,940	(1,266)	9,215
Medical and construction programs	310,562	(45,653)	264,910	(37,516)	273,046
Insurance and indemnities	16,775		16,775		16,775
Total	**$730,743**	**($104,953)**	**$625,790**	**($86,247)**	**$644,496**
California					
Compensation and pensions	$1,627,001	($239,169)	$1,387,832	($196,542)	$1,430,459
Readjustment benefits	145,285	(21,357)	123,928	(17,550)	127,734
General operating expenses	62,816	(9,234)	53,582	(7,588)	55,228
Medical and construction programs	2,129,532	(313,041)	1,816,491	(257,247)	1,872,285
Insurance and indemnities	215,708		215,708		215,708
Total	**$4,180,342**	**($582,801)**	**$3,597,541**	**($478,928)**	**$3,701,414**

Effects of Senate and House Budget Resolutions by State in FY 2002

(dollars in thousands)

	2002 Baseline	Senate Reduction	Revised Expenditure Estimates	House Reduction	Revised Expenditure Estimates
Colorado					
Compensation and pensions	$316,093	($46,466)	$269,627	($38,184)	$277,909
Readjustment benefits	38,976	(5,729)	33,247	(4,708)	34,268
General operating expenses	17,424	(2,561)	14,862	(2,105)	15,319
Medical and construction programs	232,607	(34,193)	198,414	(28,099)	204,508
Insurance and indemnities	30,604		30,604		30,604
Total	**$635,703**	**($88,950)**	**$546,753**	**($73,096)**	**$562,607**
Connecticut					
Compensation and pensions	$165,426	($24,318)	$141,109	($19,983)	$145,443
Readjustment benefits	11,494	(1,690)	9,804	(1,388)	10,105
General operating expenses	5,317	(782)	4,535	(642)	4,675
Medical and construction programs	262,709	(38,618)	224,091	(31,735)	230,974
Insurance and indemnities	32,661		32,661		32,661
Total	**$477,607**	**($65,407)**	**$412,200**	**($53,749)**	**$423,858**
Delaware					
Compensation and pensions	$50,796	($7,467)	$43,329	($6,136)	$44,660
Readjustment benefits	4,181	(615)	3,566	(505)	3,676
General operating expenses	1,790	(263)	1,527	(216)	1,574
Medical and construction programs	75,730	(11,132)	64,598	(9,148)	66,582
Insurance and indemnities	5,765		5,765		5,765
Total	**$138,262**	**($19,477)**	**$118,785**	**($16,006)**	**$122,256**
District of Columbia					
Compensation and pensions	$64,983	($9,553)	$55,431	($7,850)	$57,133
Readjustment benefits	3,749	(551)	3,198	(453)	3,296
General operating expenses	497,405	(73,118)	424,286	(60,086)	437,318
Medical and construction programs	659,395	(96,931)	562,464	(79,655)	579,740
Insurance and indemnities	4,287		4,287		4,287
Total	**$1,229,818**	**($180,153)**	**$1,049,665**	**($148,044)**	**$1,081,774**
Florida					
Compensation and pensions	$1,527,661	($224,566)	$1,303,095	($184,541)	$1,343,119
Readjustment benefits	97,305	(14,304)	83,001	(11,754)	85,550
General operating expenses	32,305	(4,749)	27,556	(3,902)	28,402
Medical and construction programs	1,010,035	(148,475)	861,560	(122,012)	888,023
Insurance and indemnities	160,342		160,342		160,342
Total	**$2,827,647**	**($392,094)**	**$2,435,553**	**($322,210)**	**$2,505,436**
Georgia					
Compensation and pensions	$671,426	($98,700)	$572,727	($81,108)	$590,318
Readjustment benefits	52,455	(7,711)	44,744	(6,337)	46,118
General operating expenses	20,916	(3,075)	17,842	(2,527)	18,390
Medical and construction programs	490,180	(72,056)	418,123	(59,214)	430,966
Insurance and indemnities	42,929		42,929		42,929
Total	**$1,277,906**	**($181,542)**	**$1,096,364**	**($149,185)**	**$1,128,721**

Effects of Senate and House Budget Resolutions by State in FY 2002

(dollars in thousands)

	2002 Baseline	Senate Reduction	Revised Expenditure Estimates	House Reduction	Revised Expenditure Estimates
Hawaii					
Compensation and pensions	$85,178	($12,521)	$72,657	($10,290)	$74,888
Readjustment benefits	8,994	(1,322)	7,672	(1,086)	7,907
General operating expenses	4,578	(673)	3,905	(553)	4,025
Medical and construction programs	70,915	(10,425)	60,491	(8,567)	62,349
Insurance and indemnities	14,701		14,701		14,701
Total	**$184,366**	**($24,941)**	**$159,425**	**($20,496)**	**$163,871**
Idaho					
Compensation and pensions	$88,203	($12,966)	$75,237	($10,655)	$77,548
Readjustment benefits	10,148	(1,492)	8,656	(1,226)	8,922
General operating expenses	4,075	(599)	3,476	(492)	3,583
Medical and construction programs	63,159	(9,284)	53,874	(7,630)	55,529
Insurance and indemnities	7,751		7,751		7,751
Total	**$173,336**	**($24,341)**	**$148,995**	**($20,003)**	**$153,333**
Illinois					
Compensation and pensions	$480,596	($70,648)	$409,948	($58,056)	$422,540
Readjustment benefits	57,176	(8,405)	48,771	(6,907)	50,269
General operating expenses	19,807	(2,912)	16,895	(2,393)	17,414
Medical and construction programs	980,843	(144,184)	836,659	(118,486)	862,357
Insurance and indemnities	85,701		85,701		85,701
Total	**$1,624,122**	**($226,148)**	**$1,397,974**	**($185,841)**	**$1,438,281**
Indiana					
Compensation and pensions	$324,026	($47,632)	$276,394	($39,142)	$284,883
Readjustment benefits	27,242	(4,005)	23,237	(3,291)	23,951
General operating expenses	11,918	(1,752)	10,166	(1,440)	10,479
Medical and construction programs	341,309	(50,172)	291,136	(41,230)	300,078
Insurance and indemnities	29,651		29,651		29,651
Total	**$734,145**	**($103,561)**	**$630,584**	**($85,103)**	**$649,042**
Iowa					
Compensation and pensions	$177,122	($26,037)	$151,085	($21,396)	$155,725
Readjustment benefits	17,557	(2,581)	14,976	(2,121)	15,436
General operating expenses	7,516	(1,105)	6,411	(908)	6,608
Medical and construction programs	263,608	(38,750)	224,858	(31,844)	231,764
Insurance and indemnities	23,165		23,165		23,165
Total	**$488,968**	**($68,473)**	**$420,495**	**($56,269)**	**$432,699**
Kansas					
Compensation and pensions	$197,462	($29,027)	$168,435	($23,853)	$173,609
Readjustment benefits	19,673	(2,892)	16,781	(2,376)	17,296
General operating expenses	6,158	(905)	5,253	(744)	5,414
Medical and construction programs	259,048	(38,080)	220,968	(31,293)	227,755
Insurance and indemnities	19,401		19,401		19,401
Total	**$501,742**	**($70,904)**	**$430,838**	**($58,267)**	**$443,475**

Effects of Senate and House Budget Resolutions by State in FY 2002

(dollars in thousands)

	2002 Baseline	Senate Reduction	Revised Expenditure Estimates	House Reduction	Revised Expenditure Estimates
Kentucky					
Compensation and pensions	$381,242	($56,043)	$325,199	($46,054)	$335,188
Readjustment benefits	25,610	(3,765)	21,845	(3,094)	22,516
General operating expenses	11,000	(1,617)	9,383	(1,329)	9,671
Medical and construction programs	278,847	(40,991)	237,857	(33,685)	245,163
Insurance and indemnities	19,132		19,132		19,132
Total	**$715,831**	**($102,415)**	**$613,417**	**($84,161)**	**$631,670**
Louisiana					
Compensation and pensions	$392,415	($57,685)	$334,730	($47,404)	$345,012
Readjustment benefits	30,074	(4,421)	25,653	(3,633)	26,441
General operating expenses	13,566	(1,994)	11,572	(1,639)	11,927
Medical and construction programs	362,998	(53,361)	309,638	(43,850)	319,148
Insurance and indemnities	24,114		24,114		24,114
Total	**$823,168**	**($117,461)**	**$705,707**	**($96,526)**	**$726,642**
Maine					
Compensation and pensions	$170,820	($25,110)	$145,709	($20,635)	$150,185
Readjustment benefits	10,242	(1,506)	8,736	(1,237)	9,005
General operating expenses	3,168	(466)	2,702	(383)	2,785
Medical and construction programs	105,209	(15,466)	89,743	(12,709)	92,500
Insurance and indemnities	9,694		9,694		9,694
Total	**$299,133**	**($42,547)**	**$256,586**	**($34,964)**	**$264,169**
Maryland					
Compensation and pensions	$339,135	($49,853)	$289,282	($40,967)	$298,167
Readjustment benefits	25,709	(3,779)	21,930	(3,106)	22,603
General operating expenses	10,228	(1,504)	8,725	(1,236)	8,993
Medical and construction programs	297,846	(43,783)	254,063	(35,980)	261,866
Insurance and indemnities	42,464		42,464		42,464
Total	**$715,382**	**($98,919)**	**$616,463**	**($81,288)**	**$634,094**
Massachusetts					
Compensation and pensions	$535,594	($78,732)	$456,862	($64,700)	$470,894
Readjustment benefits	24,827	(3,650)	21,177	(2,999)	21,828
General operating expenses	10,388	(1,527)	8,861	(1,255)	9,133
Medical and construction programs	663,660	(97,558)	566,102	(80,170)	583,490
Insurance and indemnities	54,771		54,771		54,771
Total	**$1,289,239**	**($181,467)**	**$1,107,772**	**($149,124)**	**$1,140,115**
Michigan					
Compensation and pensions	$522,915	($76,868)	$446,046	($63,168)	$459,747
Readjustment benefits	39,116	(5,750)	33,366	(4,725)	34,391
General operating expenses	17,609	(2,589)	15,021	(2,127)	15,482
Medical and construction programs	623,091	(91,594)	531,497	(75,269)	547,822
Insurance and indemnities	55,046		55,046		55,046
Total	**$1,257,777**	**($176,802)**	**$1,080,975**	**($145,290)**	**$1,112,487**

Effects of Senate and House Budget Resolutions by State in FY 2002

(dollars in thousands)

	2002 Baseline	Senate Reduction	Revised Expenditure Estimates	House Reduction	Revised Expenditure Estimates
Minnesota					
Compensation and pensions	$298,183	($43,833)	$254,350	($36,020)	$262,162
Readjustment benefits	29,540	(4,342)	25,198	(3,568)	25,972
General operating expenses	23,681	(3,481)	20,200	(2,861)	20,820
Medical and construction programs	365,626	(53,747)	311,879	(44,168)	321,458
Insurance and indemnities	39,410		39,410		39,410
Total	**$756,439**	**($105,403)**	**$651,036**	**($86,617)**	**$669,822**
Mississippi					
Compensation and pensions	$316,924	($46,588)	$270,336	($38,284)	$278,640
Readjustment benefits	15,660	(2,302)	13,358	(1,892)	13,768
General operating expenses	10,871	(1,598)	9,273	(1,313)	9,558
Medical and construction programs	276,635	(40,665)	235,970	(33,418)	243,218
Insurance and indemnities	14,466		14,466		14,466
Total	**$634,556**	**($91,153)**	**$543,403**	**($74,907)**	**$559,649**
Missouri					
Compensation and pensions	$434,534	($63,876)	$370,657	($52,492)	$382,042
Readjustment benefits	33,021	(4,854)	28,167	(3,989)	29,032
General operating expenses	28,598	(4,204)	24,394	(3,455)	25,144
Medical and construction programs	515,138	(75,725)	439,412	(62,229)	452,909
Insurance and indemnities	37,982		37,982		37,982
Total	**$1,049,273**	**($148,660)**	**$900,613**	**($122,164)**	**$927,109**
Montana					
Compensation and pensions	$87,483	($12,860)	$74,623	($10,568)	$76,915
Readjustment benefits	8,716	(1,281)	7,435	(1,053)	7,663
General operating expenses	3,160	(464)	2,695	(382)	2,778
Medical and construction programs	60,496	(8,893)	51,603	(7,308)	53,188
Insurance and indemnities	7,474		7,474		7,474
Total	**$167,329**	**($23,499)**	**$143,831**	**($19,310)**	**$148,019**
Nebraska					
Compensation and pensions	$140,149	($20,602)	$119,547	($16,930)	$123,219
Readjustment benefits	14,902	(2,191)	12,711	(1,800)	13,101
General operating expenses	5,470	(804)	4,666	(661)	4,809
Medical and construction programs	164,462	(24,176)	140,287	(19,867)	144,595
Insurance and indemnities	13,608		13,608		13,608
Total	**$338,591**	**($47,772)**	**$290,818**	**($39,258)**	**$299,333**
Nevada					
Compensation and pensions	$129,499	($19,036)	$110,462	($15,643)	$113,855
Readjustment benefits	10,711	(1,574)	9,136	(1,294)	9,417
General operating expenses	3,327	(489)	2,838	(402)	2,925
Medical and construction programs	113,006	(16,612)	96,394	(13,651)	99,355
Insurance and indemnities	11,135		11,135		11,135
Total	**$267,677**	**($37,712)**	**$229,965**	**($30,990)**	**$236,687**

Effects of Senate and House Budget Resolutions by State in FY 2002

(dollars in thousands)

	2002 Baseline	Senate Reduction	Revised Expenditure Estimates	House Reduction	Revised Expenditure Estimates
New Hampshire					
Compensation and pensions	$110,743	($16,279)	$94,464	($13,378)	$97,365
Readjustment benefits	7,379	(1,085)	6,294	(891)	6,487
General operating expenses	5,532	(813)	4,719	(668)	4,864
Medical and construction programs	58,768	(8,639)	50,129	(7,099)	51,668
Insurance and indemnities	9,986		9,986		9,986
Total	**$192,407**	**($26,816)**	**$165,591**	**($22,037)**	**$170,371**
New Jersey					
Compensation and pensions	$428,338	($62,966)	$365,373	($51,743)	$376,595
Readjustment benefits	18,998	(2,793)	16,206	(2,295)	16,703
General operating expenses	11,951	(1,757)	10,194	(1,444)	10,507
Medical and construction programs	364,460	(53,576)	310,885	(44,027)	320,433
Insurance and indemnities	71,910		71,910		71,910
Total	**$895,657**	**($121,091)**	**$774,566**	**($99,509)**	**$796,148**
New Mexico					
Compensation and pensions	$192,656	($28,321)	$164,336	($23,273)	$169,384
Readjustment benefits	16,188	(2,380)	13,808	(1,955)	14,232
General operating expenses	5,729	(842)	4,887	(692)	5,037
Medical and construction programs	180,533	(26,538)	153,994	(21,808)	158,724
Insurance and indemnities	10,801		10,801		10,801
Total	**$405,907**	**($58,081)**	**$347,827**	**($47,729)**	**$358,178**
New York					
Compensation and pensions	$1,049,551	($154,284)	$895,267	($126,786)	$922,765
Readjustment benefits	57,269	(8,419)	48,850	(6,918)	50,351
General operating expenses	34,975	(5,141)	29,833	(4,225)	30,750
Medical and construction programs	1,663,195	(244,490)	1,418,705	(200,914)	1,462,281
Insurance and indemnities	140,977		140,977		140,977
Total	**$2,945,966**	**($412,333)**	**$2,533,633**	**($338,843)**	**$2,607,123**
North Carolina					
Compensation and pensions	$704,066	($103,498)	$600,568	($85,051)	$619,015
Readjustment benefits	54,828	(8,060)	46,768	(6,623)	48,205
General operating expenses	15,706	(2,309)	13,398	(1,897)	13,809
Medical and construction programs	459,284	(67,515)	391,769	(55,481)	403,802
Insurance and indemnities	43,504		43,504		43,504
Total	**$1,277,388**	**($181,381)**	**$1,096,007**	**($149,053)**	**$1,128,335**
North Dakota					
Compensation and pensions	$46,185	($6,789)	$39,395	($5,579)	$40,606
Readjustment benefits	7,946	(1,168)	6,778	(960)	6,986
General operating expenses	2,919	(429)	2,490	(353)	2,567
Medical and construction programs	56,691	(8,334)	48,357	(6,848)	49,842
Insurance and indemnities	5,109		5,109		5,109
Total	**$118,850**	**($16,720)**	**$102,130**	**($13,740)**	**$105,110**

Effects of Senate and House Budget Resolutions by State in FY 2002 (dollars in thousands)					
	2002 Baseline	Senate Reduction	Revised Expenditure Estimates	House Reduction	Revised Expenditure Estimates
Ohio					
Compensation and pensions	$737,420	($108,401)	$629,019	($89,080)	$648,340
Readjustment benefits	54,244	(7,974)	46,270	(6,553)	47,691
General operating expenses	26,324	(3,870)	22,454	(3,180)	23,144
Medical and construction programs	701,303	(103,092)	598,211	(84,717)	616,586
Insurance and indemnities	76,112		76,112		76,112
Total	**$1,595,403**	**($223,336)**	**$1,372,067**	**($183,530)**	**$1,411,873**
Oklahoma					
Compensation and pensions	$499,049	($73,360)	$425,689	($60,285)	$438,764
Readjustment benefits	33,628	(4,943)	28,684	(4,062)	29,565
General operating expenses	18,654	(2,742)	15,912	(2,253)	16,401
Medical and construction programs	250,780	(36,865)	213,915	(30,294)	220,486
Insurance and indemnities	21,895		21,895		21,895
Total	**$824,005**	**($117,910)**	**$706,095**	**($96,895)**	**$727,111**
Oregon					
Compensation and pensions	$281,552	($41,388)	$240,164	($34,011)	$247,541
Readjustment benefits	26,024	(3,825)	22,198	(3,144)	22,880
General operating expenses	9,098	(1,337)	7,760	(1,099)	7,999
Medical and construction programs	332,932	(48,941)	283,991	(40,218)	292,714
Insurance and indemnities	24,084		24,084		24,084
Total	**$673,689**	**($95,492)**	**$578,197**	**($78,472)**	**$595,217**
Pennsylvania					
Compensation and pensions	$853,053	($125,399)	$727,654	($103,049)	$750,004
Readjustment benefits	51,046	(7,504)	43,542	(6,166)	44,880
General operating expenses	61,170	(8,992)	52,178	(7,389)	53,781
Medical and construction programs	932,778	(137,118)	795,660	(112,680)	820,098
Insurance and indemnities	102,442		102,442		102,442
Total	**$2,000,489**	**($279,013)**	**$1,721,476**	**($229,284)**	**$1,771,205**
Puerto Rico					
Compensation and pensions	$529,009	($77,764)	$451,245	($63,904)	$465,105
Readjustment benefits	16,526	(2,429)	14,097	(1,996)	14,530
General operating expenses	10,492	(1,542)	8,949	(1,267)	9,224
Medical and construction programs	206,160	(30,306)	175,855	(24,904)	181,256
Insurance and indemnities	3,201		3,201		3,201
Total	**$765,389**	**($112,042)**	**$653,347**	**($92,072)**	**$673,317**
Rhode Island					
Compensation and pensions	$96,269	($14,152)	$82,117	($11,629)	$84,640
Readjustment benefits	5,401	(794)	4,607	(652)	4,748
General operating expenses	4,298	(632)	3,666	(519)	3,779
Medical and construction programs	95,169	(13,990)	81,179	(11,496)	83,672
Insurance and indemnities	8,406		8,406		8,406
Total	**$209,542**	**($29,567)**	**$179,975**	**($24,297)**	**$185,245**

Effects of Senate and House Budget Resolutions by State in FY 2002

(dollars in thousands)

	2002 Baseline	Senate Reduction	Revised Expenditure Estimates	House Reduction	Revised Expenditure Estimates
South Carolina					
Compensation and pensions	$351,103	($51,612)	$299,491	($42,413)	$308,690
Readjustment benefits	31,051	(4,564)	26,486	(3,751)	27,300
General operating expenses	10,399	(1,529)	8,871	(1,256)	9,143
Medical and construction programs	229,892	(33,794)	196,098	(27,771)	202,121
Insurance and indemnities	24,791		24,791		24,791
Total	**$647,236**	**($91,499)**	**$555,737**	**($75,191)**	**$572,045**
South Dakota					
Compensation and pensions	$74,852	($11,003)	$63,848	($9,042)	$65,810
Readjustment benefits	9,881	(1,452)	8,428	(1,194)	8,687
General operating expenses	2,414	(355)	2,059	(292)	2,123
Medical and construction programs	157,753	(23,190)	134,564	(19,057)	138,697
Insurance and indemnities	5,670		5,670		5,670
Total	**$250,570**	**($36,000)**	**$214,570**	**($29,584)**	**$220,986**
Tennessee					
Compensation and pensions	$503,323	($73,988)	$429,334	($60,801)	$442,522
Readjustment benefits	33,241	(4,886)	28,355	(4,016)	29,226
General operating expenses	12,542	(1,844)	10,698	(1,515)	11,027
Medical and construction programs	580,854	(85,385)	495,468	(70,167)	510,686
Insurance and indemnities	28,808		28,808		28,808
Total	**$1,158,768**	**($166,104)**	**$992,664**	**($136,499)**	**$1,022,269**
Texas					
Compensation and pensions	$1,625,532	($238,953)	$1,386,579	($196,364)	$1,429,168
Readjustment benefits	125,711	(18,480)	107,232	(15,186)	110,526
General operating expenses	117,079	(17,211)	99,868	(14,143)	102,935
Medical and construction programs	1,312,085	(192,876)	1,119,208	(158,500)	1,153,585
Insurance and indemnities	110,988		110,988		110,988
Total	**$3,291,394**	**($467,520)**	**$2,823,875**	**($384,193)**	**$2,907,201**
Utah					
Compensation and pensions	$98,524	($14,483)	$84,041	($11,902)	$86,622
Readjustment benefits	13,539	(1,990)	11,548	(1,635)	11,903
General operating expenses	5,356	(787)	4,568	(647)	4,709
Medical and construction programs	167,529	(24,627)	142,902	(20,237)	147,291
Insurance and indemnities	11,245		11,245		11,245
Total	**$296,192**	**($41,887)**	**$254,304**	**($34,422)**	**$261,770**
Vermont					
Compensation and pensions	$49,517	($7,279)	$42,238	($5,982)	$43,536
Readjustment benefits	3,265	(480)	2,785	(394)	2,871
General operating expenses	1,518	(223)	1,295	(183)	1,334
Medical and construction programs	74,998	(11,025)	63,974	(9,060)	65,939
Insurance and indemnities	4,364		4,364		4,364
Total	**$133,662**	**($19,007)**	**$114,655**	**($15,619)**	**$118,043**

Effects of Senate and House Budget Resolutions by State in FY 2002

(dollars in thousands)

	2002 Baseline	Senate Reduction	Revised Expenditure Estimates	House Reduction	Revised Expenditure Estimates
Virginia					
Compensation and pensions	$646,719	($95,068)	$551,651	($78,124)	$568,595
Readjustment benefits	59,804	(8,791)	51,013	(7,224)	52,580
General operating expenses	15,274	(2,245)	13,029	(1,845)	13,429
Medical and construction programs	446,662	(65,659)	381,002	(53,957)	392,705
Insurance and indemnities	56,122		56,122		56,122
Total	**$1,224,581**	**($171,763)**	**$1,052,817**	**($141,150)**	**$1,083,431**
Washington					
Compensation and pensions	$495,715	($72,870)	$422,845	($59,882)	$435,832
Readjustment benefits	56,788	(8,348)	48,440	(6,860)	49,928
General operating expenses	19,391	(2,850)	16,541	(2,342)	17,049
Medical and construction programs	365,600	(53,743)	311,857	(44,164)	321,435
Insurance and indemnities	42,828		42,828		42,828
Total	**$980,321**	**($137,812)**	**$842,510**	**($113,249)**	**$867,072**
West Virginia					
Compensation and pensions	$220,776	($32,454)	$188,322	($26,670)	$194,106
Readjustment benefits	11,713	(1,722)	9,991	(1,415)	10,298
General operating expenses	6,381	(938)	5,443	(771)	5,610
Medical and construction programs	291,543	(42,857)	248,686	(35,218)	256,325
Insurance and indemnities	10,716		10,716		10,716
Total	**$541,129**	**($77,971)**	**$463,158**	**($64,074)**	**$477,055**
Wisconsin					
Compensation and pensions	$332,546	($48,884)	$283,662	($40,172)	$292,375
Readjustment benefits	29,243	(4,299)	24,944	(3,533)	25,710
General operating expenses	11,129	(1,636)	9,493	(1,344)	9,785
Medical and construction programs	387,561	(56,972)	330,590	(46,817)	340,744
Insurance and indemnities	40,625		40,625		40,625
Total	**$801,104**	**($111,791)**	**$689,314**	**($91,866)**	**$709,238**
Wyoming					
Compensation and pensions	$37,471	($5,508)	$31,963	($4,527)	$32,945
Readjustment benefits	4,673	(687)	3,986	(565)	4,109
General operating expenses	735	(108)	627	(89)	646
Medical and construction programs	78,679	(11,566)	67,113	(9,504)	69,175
Insurance and indemnities	3,672		3,672		3,672
Total	**$125,231**	**($17,869)**	**$107,362**	**($14,684)**	**$110,547**
Manila					
Compensation and pensions	$183,508	($26,976)	$156,532	($22,168)	$161,340
Readjustment benefits	831	(122)	709	(100)	731
General operating expenses	3,409	(501)	2,908	(412)	2,997
Medical and construction programs	5,726	(842)	4,884	(692)	5,034
Insurance and indemnities	1,531		1,531		1,531
Total	**$195,005**	**($28,441)**	**$166,564**	**($23,372)**	**$171,633**
	$44,082,684	($6,210,480)	$37,872,204	($5,103,578)	$38,979,106
	$2,951,709	($417,538)	$2,534,171	($343,120)	$2,608,589
Total Expenditures	$47,034,392	($6,628,018)	$40,406,375	($5,446,697)	$41,587,695

Effects of Senate and House Budget Resolutions by State in FY 2002

Methodology of Expenditure by States Spreadsheet:

Each year VA includes an expenditures (outlays) by State report in the Summary Volume of the annual budget. The report includes the actuals for the prior year and estimates based on past trend for the current year and budget year. The trend is based on five years of previous year actuals with an adjustment for inflation.

The report provides information by five major programs for each State including Puerto Rico and Manila. The five programs are: Compensation and pensions; readjustment benefits; general operating expenses; medical and construction programs; and insurance.

Projections for FY 2002:

In projecting the expenditures for FY 2002, total expenditures or outlays were based on VA's calculation of baseline for discretionary programs and estimates for mandatory programs. Since the President's Budget provides outyear projections through the year 2000, the outlay estimates for mandatory programs were essentially straightlined through 2002. Outlays were calculated using the spendout rates used in the 1996 President's Budget submission. Therefore, based on the above calculations, the outlays for VA programs through 2002 are projected to be $47 billion.

The revised expenditure estimates were calculated based on a percentage reduction to achieve the recommended outlay levels projected in the Senate and House resolutions. The Senate bill projected outlays of $40.4 billion by the year 2002, while the House bill projected outlays of $41.6 billion.

Although outlay numbers seem comparable, the budget authority for VA is quite different. VA's baseline estimate is $47.3 billion, while the Senate bill projects $38.7 billion, the House bill projects $40.1 billion, and the President's Budget for 2000 straightlined to 2002 would be $39.6 billion.